

May 25, 2026

## Neelikon Food Dyes and Chemicals Limited: Long-term rating reaffirmed, short-term rating upgraded; rated amount enhanced

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund based - Cash credit	10.00	15.00	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount
Short term – Fund based/Non-fund based WC limits	91.50	116.50	[ICRA]A1+; upgraded from [ICRA]A1 and assigned for enhanced amount
Short term – Fund based/Non-fund based – Others	(85.25)	(0.00)	-
Long term/Short term – Fund-based/Non-fund based – Others	(159.00)	(131.50)	[ICRA]A+ (Stable)/ [ICRA]A1+; long term rating reaffirmed & short term rating upgraded from [ICRA]A1
Short term - Non-fund based - Forward cover	3.25	3.25	[ICRA]A1+; upgraded from [ICRA]A1
<b>Total</b>	<b>104.75</b>	<b>134.75</b>	

\*Instrument details are provided in Annexure II

### Rationale

The upgrade in the short term rating of Neelikon Food Dyes and Chemicals Limited (NFDCL) factors in an improvement in its liquidity position, supported by higher cash accruals in FY2026 (provisional), increased cash balance as of March 2026 (provisional) and lower utilisation of working capital limits, thereby widening the available cushion. Going forward, the company's liquidity position is expected to remain comfortable, aided by stable cash flows, limited repayment obligations and no dividend payouts.

The ratings continue to favourably consider the long track record of the promoters in the dye and chemical industry, low customer concentration risk with exports to more than 100 countries and a diversified supplier base.

NFDCL's operating margins moderated between FY2023 and FY2024 on account of competitive intensity and inventory destocking. However, the profitability improved thereafter in FY2025 and further in FY2026 with the OPBITDA margins increasing from ~12% in FY2024 to ~16% in FY2025 and subsequently to ~17% in FY2026 (provisional), supported by better realisations and a favourable product mix. The cash accruals have remained healthy at Rs. 50–55 crore, enabling the company to fund capex through internal accruals while gradually reducing the reliance on working capital borrowings.

The capex towards the Saykha facility is being optimised, with incremental investments aimed at enhancing the share of value-added products, which is expected to support the margins over the medium term. The financial profile remains strong, characterised by low leverage, strong coverage indicators and the absence of long-term debt.

The ratings are, however, constrained by the vulnerability of the company's operations to any demand slowdown in the export market, changes in regulatory environment for food dye products, the working capital-intensive operations and competitive pressure from both domestic and overseas players. ICRA further notes that the profitability remains exposed to the adverse fluctuations in raw material prices owing to the high levels of inventory maintained by the company.

The Stable outlook reflects ICRA's opinion that NFDCL's credit profile will remain stable in the near to medium term, supported by the company's long track record and established position in the dye/pigment segment. However, the uncertainty owing to the ongoing West Asia conflict has led to a sharp run-up in the prices of many chemicals which, if sustained for a prolonged period, could create pressure on the demand and margin and would hence remain a key monitorable.

## Key rating drivers and their description

### Credit strengths

**Long proven track record in dyes and pigments** - NFDCL has a long track record in the dyestuff business and has products catering to the food, pharmaceutical, personal care, ink and several other industries. The company has a broad product portfolio across different categories. Further, the extensive experience of the promoters in the business provides comfort against marketing risks.

**Healthy financial risk profile** – The OPBITDA margins remained flat at 12.4% in FY2024, impacted by lower realisations due to limited ability to pass on increased costs, partly offset by higher volumes. The margins improved to 16.2% in FY2025 and strengthened further thereafter in FY2026, supported by a favourable product mix, cost efficiencies and a higher share of domestic sales which command better average realisations.

**Diversified customer and supplier base** - The company has an established presence in the export market, covering sales in more than 65 countries and its colour has presence in more than 100 countries. NFDCL's exports are well-diversified with a strong distribution network. It has dedicated subsidiaries in the UK, China and the Netherlands for catering to these geographies. In the domestic market, NFDCL has a strong distributor base and caters directly to large companies in the food, pharmaceutical and personal care segments. The company's supplier base remains well diversified with limited risks.

### Credit challenges

**Exposure to cyclicity in end-user demand and regulatory changes** - The operations of the company are vulnerable to any demand slowdown in the export markets as well as changes in regulatory environment for food dye products across various geographies.

**Vulnerability to input price fluctuations** - The operating profitability remains exposed to the adverse fluctuation in the cost of raw materials owing to the high level of inventory maintained by the company.

**High competitive pressure from domestic and overseas export markets** - The global synthetic food colouring industry comprises two broad segments – mass consumption colours and value-added colours. The competitive pressure is high in the mass segment, while the value-added colour segment is relatively concentrated with a few large companies directly selling to the end users. Though NFDCL faces stiff competition from these established players in the international market, the higher margins on the value-added products provide some pricing flexibility to the company. In the domestic market, the industry is highly fragmented and characterised by intense competition from both the organised and unorganised players.

### Liquidity position: Strong

The company's liquidity remains strong owing to healthy cash accruals and healthy unencumbered cash and its equivalents of Rs. 106.9 crore as on March 31, 2026 (provisional, standalone). ICRA expects the liquidity of the company to remain healthy, going forward, on the back of stable cash flow from operations, healthy cushion in working capital limits (average fund-based limit utilisation of ~24% for last 12 months ended December 2025 for the limits of Rs. 129 crore) and no repayments for long-term debt.

### Rating sensitivities

**Positive factors** – ICRA could upgrade NFDCL's ratings if the company demonstrates a sustained improvement in its scale of operations while maintaining a healthy capital structure and/or improving its operating profitability.

**Negative factors** – Pressure on the ratings could emerge if there is a significant decline in the revenue or profit margin on a sustained basis, or if the company undertakes a sizeable debt-funded capital expenditure, or if a stretch in the working capital

intensity puts pressure on its liquidity profile. A specific credit metric for downgrade would be TD/OPBDITA >1.5 times on a sustained basis.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Chemicals</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Consolidated

### About the company

Neelikon Food Dyes and Chemicals Limited (NFDCL) was incorporated in 1994 by taking over proprietary concern, Neelikon Dyestuffs, which was started by Mr. Mukund Turakhia in 1983. Mr. Mukund Turakhia is a Chemical Engineer by qualification and has been associated with the dyestuff and chemical industry for over 50 years. The company produces dyes catering to various industries, including food, pharmaceutical, cosmetics, inkjet ink, writing ink and fluorescent pigments. NFDCL's manufacturing facilities are based in Roha, Maharashtra, with a combined capacity of 4,625 MTPA, including that of its partners. The company has a distributor network spanning over 65 countries.

**Key financial indicators (audited)**

NFDCL (Consolidated)	FY2024	FY2025
Operating income	423.5	464.9
PAT	38.2	53.7
OPBDIT/OI	12.4%	16.2%
PAT/OI	9.0%	11.6%
Total outside liabilities/Tangible net worth (times)	0.2	0.3
Total debt/OPBDIT (times)	0.7	0.7
Interest coverage (times)	41.7	49.9

Amounts in Rs. crore; Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

NFDCL (Standalone)	FY2024	FY2025	FY2026*
Operating income	402.7	449.2	462.8
PAT	35.3	50.1	46.2
OPBDIT/OI	11.8%	15.5%	17.3%
PAT/OI	8.8%	11.1%	10.0%
Total outside liabilities/Tangible net worth (times)	0.2	0.3	0.2
Total debt/OPBDIT (times)	0.4	0.6	0.4
Interest coverage (times)	39.8	50.7	46.2

Amounts in Rs. crore; Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortization; \*provisional

**Status of non-cooperation with previous CRA: Not Applicable**

**Any other information: None**

### Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	May 25, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	15.00	[ICRA]A+ (Stable)	-	-	Mar 17, 2025	[ICRA]A+ (Stable)	Dec 21, 2023	[ICRA]A+ (Stable)
Fund based/ Non-fund based WC limits	Short term	116.50	[ICRA]A1+	-	-	Mar 17, 2025	[ICRA]A1	Dec 21, 2023	[ICRA]A1
Non-fund based – Others (Sublimit)	Short term	(0.00)	-	-	-	Mar 17, 2025	[ICRA]A1	Dec 21, 2023	[ICRA]A1
Fund based/ Non-fund based – Others (Sublimit)	Long term/ Short term	(131.50)	[ICRA]A+ (Stable)/ [ICRA]A1+	-	-	Mar 17, 2025	[ICRA]A+ (Stable)/ [ICRA]A1	Dec 21, 2023	[ICRA]A+ (Stable)/ [ICRA]A1
Non-fund based - LC,BG	Short term	3.25	[ICRA]A1+	-	-	Mar 17, 2025	[ICRA]A1	Dec 21, 2023	[ICRA]A1

### Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026

ICRA-rated instruments that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA that fall under the regulatory purview of various Financial Sector Regulators (FSR) are as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI

5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term - Fund based - Cash credit	Simple
Short term – Fund based/Non-fund based WC limits	Simple
Long term/Short term – Fund based/Non-fund based – Others	Simple
Short term -Non-fund based - Forward cover	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure II: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long term – Fund based - Cash credit	NA	NA	NA	15.00	[ICRA]A+ (Stable)
NA	Short term – Fund based/Non-fund based WC limits	NA	NA	NA	116.50	[ICRA]A1+
NA	Long term/Short term – Fund based/Non-fund based – Others	NA	NA	NA	(131.50)	[ICRA]A+ (Stable)/ [ICRA]A1+
NA	Short term -Non-fund based - Forward cover	NA	NA	NA	3.25	[ICRA]A1+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure III: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
Shanghai Neelikon Food Dyes & Chemicals Ltd.	100.00%	Full consolidation
Neelikon Food Dyes & Chemicals (Europe) Ltd	100.00%	Full consolidation
Neelikon Food Dyes & Chemicals (Netherlands) Ltd	100.00%	Full consolidation
Neelikon Colors Global USA Inc.	100.00%	Full consolidation

Source: Company data

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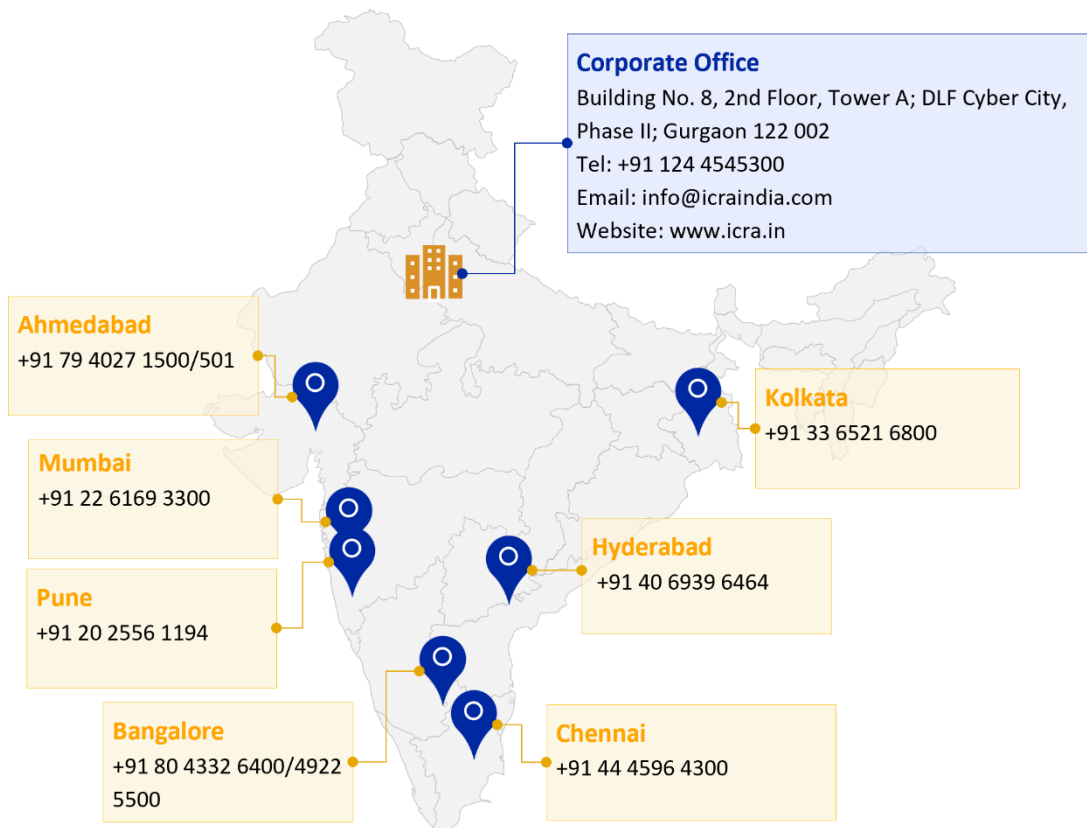
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